

MONTREAL STOCK EXCHANGE

453 ST. FRANCOIS XAVIER STREET

MONTREAL 1, P.Q.

Office of
the Vice-President
Statistics and Research

March 17, 1961.

Mr. Doug Scurr,
Financial Editor,
Globe and Mail,
King Street W.,
TORONTO ONT.

Dear Doug,

I am enclosing the information I spoke to you on the telephone about on Friday. (I am dictating this before calling you to make sure everything is ready for the afternoon mail so that if I did not manage to reach you by phone you will understand my reference to a telephone conversation).

The Hudson's Bay Company is being completely listed on the Montreal Stock Exchange and is not part of our international list. This makes Montreal the only Exchange outside London which is listing this company. If you require any other information please call me.


Sincerely yours,

Maurice R. Hecht
for EdV

Maurice R. Hecht
Vice-President
Statistics and Research.

MRH/ejn

MAR 20 1961



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MAR 20 1961

MONTREAL STOCK EXCHANGE

P. O. BOX 1626 PLACE D'ARMES - MONTREAL 1, QUE.

TEL. Victor 2-9081

For release - a.m.
March 20, 1961.

HUDSON'S BAY COMPANY

LISTS ON MONTREAL STOCK EXCHANGE

On Monday, March 27, 1961, 6,160,649 ordinary shares, of a par value of One Pound each, of the Hudson's Bay Company will be called for trading on the Montreal Stock Exchange. The ticker abbreviation will be HBC.

Listing of the shares of the Hudson's Bay Company follows closely on the offer made by the company to acquire the outstanding shares of Henry Morgan & Co. Ltd. This recent acquisition greatly strengthens the company by giving it access to the eastern market. The arrangement provides Henry Morgan & Co. Ltd. with greater freedom in planning because of the increased financial support.

The Company

The Hudson's Bay Company is an operating company incorporated by Royal Charter in England on May 2nd, 1670. The Company has subsidiaries in England, Canada and the United States. It is one of Canada's leading merchandising organizations, operating retail stores and wholesale branches. The Company also operates fur auction houses in London, New York and Montreal where large quantities of raw furs are sold for consignors to the fur industry of the world. In addition the Company has a substantial investment in the Western Canadian oil industry.

In December 1960, the Company acquired control of Henry Morgan & Co. Ltd., eastern Canada's third largest department store organization, by offering to exchange one share of the Hudson's Bay Company and \$14.00 for each of the outstanding Common shares of Henry Morgan & Co. Ltd. As at January 31, 1961, this offer had been accepted by owners of 95% of the Common shares of Morgan's.

The Right Honourable, Sir Winston Churchill, Prime Minister of Great Britain during World War II, is the Grand Seigneur of the Company. Chairman of the Canadian Committee, Mr. John Elmer Woods, and the Managing Director, Mr. James Richard Murray, are residents of Winnipeg, Manitoba.

The Hudson's Bay Company maintains a register of shareholders in two parts. In the United Kingdom the register is kept at the office of Glyn Mills & Co., 67 Lombard Street, London, England. In Canada the Canadian register is kept by Royal Trust Company with transfer office in Winnipeg. Upon listing the shares of the Hudson's Bay Company on the Montreal Stock Exchange, Royal Trust Company will open a transfer and registry office at Montreal. Eligibility for registration on the Canadian register is limited to individuals who are citizens of and resident in Canada, and to corporations which are incorporated and have their principal place of business in Canada and are not corporations under foreign control as defined in the By-laws of the Hudson's Bay Company.

Earnings per share of the Hudson's Bay Company in the period 1956 to 1960 increased from \$0.93 to \$1.29, while net dividends paid rose from

\$0.31 to \$0.55. The more complete picture of the Company's earnings and dividends in the last five years can be seen from the following table:

	<u>1960</u>	<u>1959</u>	<u>1958</u>	<u>1957</u>	<u>1956</u>
Net earnings per share	\$1.29	\$1.38	\$1.20	\$1.00	\$0.93
Net dividends per share	\$0.55	\$0.60	\$0.39	\$0.31	\$0.31

History of the Company

The beginning of this famous and historical corporation is traced to an expedition into the then unknown North undertaken by two French Adventurers, Pierre Radisson and Medard Groseillers, on behalf of English backers. These hardy explorers, then known as "coureurs de bois" had made various fur-hunting excursions into the North, and succeeded in interesting the English in a proposed expedition into Hudson's Bay.

Under the patronage of Prince Rupert, the cousin of Charles II of England, an expedition composed of two ships, the "Eaglet" and the "Nonsuch", set out in June 1668 from the Thames. While the "Eaglet" was forced to regain English shores, the "Nonsuch" dropped anchor in the south of James Bay on September 29, 1668. An active fur trade with the Indians was started soon after, and the Adventurers returned to England with a valuable cargo of fine furs.

In the spring of the following year, on May 2nd, 1670, King Charles II granted a Charter to "The Governor and Company of Adventurers of England trading into Hudson's Bay", under which the Company still operates.

In the two and a half centuries which followed, the Company wrote a very productive and colourful page in the history of Canada and its development. Its explorers probed the then unknown vast expanses of the North and West, into which trading areas expanded. Trading posts were established in what are now the Provinces of Manitoba, Saskatchewan and Alberta as well as parts of the Northwest Territories, Quebec, Ontario and Minnesota. As the country became more settled, the organisation of government kept pace with the growing communities.

In 1870 the Company relinquished its rights to Rupert's Land, receiving in return a land grant embracing among other things 7,000,000 acres of land in the territory now occupied by the Provinces of Manitoba, Saskatchewan and Alberta. The site of three of the Company's trading forts, Winnipeg, Edmonton and Victoria became large settlements and cities. Each was selected as the site of a provincial legislature.

A growing settler population throughout the west brought about a distinct need for retail business outlets, which eventually became the large departmental stores. The selling of Company land to the settlers was for a long time a major pre-occupation, but this ended in 1918 following World War I. Trade, both retail and wholesale, is now the Company's main undertaking.

Union with Henry Morgan & Co. Ltd., itself a store with a long and successful history, is another step in the continuing expansion of The Hudson's Bay Company. The years ahead will witness the opening of new company stores in Eastern Canada, stores which will benefit from the double tradition of Morgan's and Hudson's Bay with the accent on service to the public.

Back Ground Only

UNCIPRE

The listing application of HUDSON'S BAY COMPANY, which is set forth below, was approved on

Ticker abbreviation:

PROOF

The papers and exhibits submitted by the Company in support of its application are on file with the Exchange.

The Governor and Company of Adventurers of England TRADING INTO HUDSON'S BAY

Normally referred to as

HUDSON'S BAY COMPANY

An operating company incorporated by Royal Charter in England on 2nd May, 1670.

CAPITALIZATION AS AT 31st JANUARY, 1961

Authorized — 7,000,000 shares of £1 each. £7,000,000
Issued and fully paid — 6,137,502 ordinary shares of £1 each. £6,137,502

(If all the outstanding common shares of Henry Morgan & Co. Limited are acquired pursuant to an offer of 9th December, 1960, referred to below, a further 23,147 shares will be issued, making a total issued capital of 6,160,649 ordinary shares.)

All outstanding ordinary shares of the Company are fully paid and non-assessable. No personal liability with respect thereto attaches to the shareholders. Each outstanding ordinary share is entitled to one vote on matters submitted to the shareholders.

APPLICATION

The Hudson's Bay Company (hereinafter called the "Company") hereby makes application for listing on the Montreal Stock Exchange of 6,160,649 ordinary shares of £1 each.

OPINION OF COUNSEL

Messrs. MacInnes, Burbidge & Co., Victory Building, Winnipeg, counsel for the Company, are filing in support of this application an opinion stating among other things that the Company has been duly incorporated and organized under the laws of England and is a valid and existing company; that 7,000,000 ordinary shares of £1 each have been duly authorized; that the 6,137,502 shares outstanding on 31st January, 1961 have been validly issued and are fully paid up; and that an additional number of shares up to 23,147 when issued pursuant to an exchange offer for the common shares of Henry Morgan & Co. Limited will be validly issued and fully paid up.

THE COMPANY

Hudson's Bay Company is an operating company with subsidiaries in Canada, United Kingdom and the U.S.A. It is one of Canada's leading merchandise organizations operating, through the parent and subsidiaries, over 225 retail stores, 17 wholesale branches, and fur auction houses in London, New York and Montreal. In addition, it has a substantial investment in the oil industry through owner ship of mineral rights and through a 22.6% share interest in Hudson's Bay Oil and Gas Company Limited.

In December, 1960, the Company acquired control of Henry Morgan & Co. Limited, eastern Canada's third largest department store organization. Hudson's Bay Company offered to exchange one H. B. C. share and \$14 for each of the outstanding common shares of Morgan's and this offer had been accepted by owners of 95% of the Morgan's shares at 31st January, 1961.

SUBSIDIARIES

Name	Capital Stock	Number of Shares		Owned by Hudson's Bay Company
		Authorized	Issued	
Bay Steamship Co. Limited.	Ord. shares of £100 ea.	400	350	350
Beaver House Limited.	" " " "	860,000	700,000	700,000
Compagnie de la Baie d'Hudson.	Bearer shares of Frs 500	500	500	500
H. Fortier & Co. Limited.	Common shares of \$100 ea.	7,390	1,190	1,190
			(owned by Scales & Roberts)	
Henry Morgan & Co. Limited.	Common shares of no par value	600,000	428,145	404,998\$
	4¾ cumulative redeemable preferred shares of \$100	40,000	33,562	Nil
Henry Morgan Properties Limited.	Common shares of no par value	50,000	30,206	30,206
Hudson's Bay Arctic Limited.	" " \$100 each	1,000	5	5
			(owned by Ruper's Land Trading Company)	

Name	Capital Stock	Number of Shares		Owned by Hudson's Bay Company
		Authorized	Issued	
Hudson's Bay Company.....	Common shares of no par value			
Acceptance Limited.....		100,000	25,000	25,000
Hudson Bay Company Fur Sales Incorporated.....	Common shares of \$100 ea.	5,000	5,000	5,000
Hudson's Bay Company Fur Sales Limited.....	Ord. shares of £1 each	500,000	500,000	500,000
Hudson's Bay Company Incorporated....	Common shares of \$100 ea.	7,500	4,725	4,725
Hudson's Bay Company Limited.....	Ord. shares of £1 each	100	100	100
Hudson's Bay Company (Proprietary) Limited.....	" " " "	5,000	5,000	5,000
Hudson's Bay Company of Scotland Limited.....	" " " "	100	100	100
Hudson's Bay Record Society Limited....	" " " "	1,000	1,000	1,000
Hudson's Bay Trustees Limited.....	" " " "	100	100	100
Lampson, Fraser & Huth Inc.....	Common shares of no par value	100	100	100
Pego's (Montreal) Inc.....	5% Redeemable of \$ 20 ea. Common shares of \$200 ea.	1,000 100	Nil 51	Nil 51
		(owned by Henry Morgan & Co.)		
Rupert's Land Trading Company.....	Common shares of \$1 each	20,000,000	1,520,000	1,520,000
Rupert's Land Trading Company (Quebec) Ltd.....	Common shares of \$5 each	10,000	10,000	10,000
		(owned by Rupert's Land Trading Co.)		
Scales & Roberts Limited.....	Common shares of \$100 ea.	5,000	4,051	4,051

*As at January 31, 1961.

FUNDED INDEBTEDNESS

	Hudson's Bay Company Acceptance Limited Series "A" Debentures	Henry Morgan & Co. Limited Debentures	Henry Morgan Properties, Limited First Mortgage Bonds
Date.....	September 1, 1960	May 15, 1956	January 2, 1947
Maturity.....	September 1, 1980	May 15, 1976	January 2, 1967
Interest Rate.....	6% per annum	4¾% per annum	3¼% per annum
Convertibility.....	None	None	None
Redemption.....	At specified prices out of available funds	Sinking Fund	Sinking Fund
Authorized.....	\$10,000,000	\$3,500,000	\$3,500,000
Issued.....	\$10,000,000	\$3,500,000	\$3,500,000
Outstanding.....	\$10,000,000	\$3,080,000	\$1,925,000
Voting Power.....	None	Certain rights upon default	Certain rights upon default

DIVIDENDS PAID DURING PAST FIVE YEARS

Fiscal Year Ended January 31st	Net Trading Dividends	Distributions Land Account	Total
1956.....	\$1,355,000	\$ 392,000	\$1,747,000
1957.....	1,355,000	392,000	1,747,000
1958.....	1,806,000	392,000	2,198,000
1959.....	2,285,000	1,100,000	3,385,000
1960.....	2,307,000	784,000	3,091,000

The earnings and land surplus per share and dividends paid for the last five years are shown below:

	1960	1959	1958	1957	1956
Earning net.....	\$1.25	\$1.32	\$1.15	\$.95	\$.86
Land surplus.....	.04	.06	.05	.05	.07
Total.....	1.29	1.38	1.20	1.00	.93
Trading dividend gross.....	.67	.67	.56	.42	.42
Land distribution.....	.14	.20	.07	.07	.07
Dividends gross.....	.81	.87	.63	.49	.49
Dividends net (incl. land).....	.55	.60	.39	.31	.31
% distributed.....	43%	44%	32%	30%	33%

NOTES:

1. The above figures are converted to Canadian Dollars at \$2.80 to the £.
2. It has been the usual practice to pay an interim dividend in November and the final dividend in the following May.
3. The gross trading dividend is declared out of profits before U.K. Income Tax and is paid net after deduction of such tax (current rate is 33¾%) but, because of double taxation relief against taxes paid by H. B. C. in Canada, the incidence of U.K. tax is nil.

DIRECTORS

HENRY ALEXANDER BENSON.....	The Red House, Rockshaw Road, Merstham, England.
JOHN ERNEST HARLEY COLLINS, M.B.E., D.S.C.....	Shenfield Mill, Theale, Berka, England.
JOSEPH HARRIS.....	603 Wellington Crescent Winnipeg, Manitoba.
ERIC ODEN FAULKNER, M.B.E.....	Chart Cottage, Seal Chart, Nr. Seven- oaks, Kent, England.
THE LORD HEYWORTH.....	Hare Hill, Limpsfield, Oxted, Surrey, England.
WILLIAM JOHNSTON KESWICK.....	Theydon Priory, Theydon Bois, Essex, England.
JOSEPH GLUCKSTEIN, LINKS, O.B.E.....	2 Hyde Park Street, (Off Bayswater Road), London W.2, England.
JAMES BARTLETT MORGAN.....	3466 Peel Street, Montreal, Quebec.
JAMES RICHARD MURRAY.....	703 Wellington Crescent, Winnipeg, Manitoba.
IAN PATRICK ROBERT NAPIER, M.C.....	169 Queen's Gate, London S.W.7 England.
JAMES ARMSTRONG RICHARDSON.....	5209 Robling Boulevard, Charleswood, Manitoba.
STEWART AUGUSTUS SEARLE.....	1001 Wellington Crescent, Winnipeg, Manitoba.
CHARLES GORDON SMITH.....	550 Hosmer Boulevard, Tuxedo, Winnipeg, Manitoba.
GRAHAM FORD TOWERS.....	260 Park Road, Rockliffe Park, Ottawa, Ontario.
JOHN ELMER WOODS.....	132 Girton Boulevard, Tuxedo, Winnipeg, Manitoba.

GRAND SEIGNEUR

THE RIGHT HONOURABLE SIR WINSTON CHURCHILL, K.G., O.M., C.H., F.R.S., M.P.....	28 Hude Park Gate, London S.W.7, England.
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OFFICERS

WILLIAM JOHNSTON KESWICK.....	<i>Governor</i>	Theydon Priory, Theydon Bois, Essex, England.
HENRY ALEXANDER BENSON, C.B.E., F.C.A.....	<i>Deputy Governor</i>	The Red House, Rockshaw Road, Merstham, Surrey, England.
JOHN ELMER WOODS.....	<i>Chairman of the Canadian Committee</i>	132 Girton Boulevard, Tuxedo, Winnipeg, Manitoba.
JAMES RICHARD MURRAY.....	<i>Managing Director</i>	703 Wellington Crescent, Winnipeg, Manitoba.
RUDOLPH ARTURO REYNOLDS.....	<i>Secretary</i>	Cheyne House, 4 Russell Hill, Perley, Surrey, England.
ALLEN ROLPH HUBAND.....	<i>Secretary of the Canadian Committee</i>	670 Niagara Street, Winnipeg, Manitoba.
PETER WARBURTON WOOD.....	<i>Controller, Canadian Committee Office</i>	80 Yale Avenue, Winnipeg, Manitoba.

AUDITORS

The Auditors of the Company are Messrs. Deloitte, Plender, Griffiths & Company, Chartered Accountants, 5 London Wall Buildings, Finsbury Circus, London E.C. 2, England.

TRANSFER AGENTS AND REGISTRARS

The Hudson's Bay Company maintains a register of shareholders in two parts. In the United Kingdom the register is kept at the office of Glyn Mills & Co., 67 Lombard Street, London, England. In Canada the Canadian register is kept by Royal Trust Company with transfer office in Winnipeg. On the acceptance of this application, Royal Trust Company will open a transfer and registry office at Montreal.

Eligibility for registration on the Canadian register is limited to individuals who are citizens of and resident in Canada, and to corporations which are incorporated and have their principal place of business in Canada and are not corporations under foreign control as defined in the Bye-Laws of Hudson's Bay Company.

RESTRICTIONS ON FOREIGN HOLDINGS

1. Bye-law 4A of H. B. C. states that "The amount of the share capital in the Company which shall be held by or in trust for foreigners, foreign corporations and corporations under foreign control, shall never at any one and the same time exceed in the whole one-fourth of the whole amount of the issued share capital in the Company."
2. For this purpose the expression "foreigner" means any person who is not a citizen of a British Commonwealth country; the expression "foreign corporation" means any corporation other than a corporation established under and subject to the laws of and having its principal place of business in some part of the Commonwealth; and the expression "corporation under foreign control" includes:
 - (a) A corporation of which the majority of the directors or persons occupying the position of directors by whatever name called are foreigners;
 - (b) A corporation, shareholders in which, holding shares or stock conferring a majority of the votes, are foreigners, or foreign corporations or persons who hold directly or indirectly in trust for or on behalf of foreigners or foreign corporations;
 - (c) A corporation which is by any other means, whether of a like or of a different character, in fact, under the control of foreigners or foreign corporations;
 - (d) A corporation, the executive whereof is a corporation under foreign control within the meaning of paragraph (a), (b) or (c) of this note.

CLASSIFICATION OF SHAREHOLDERS

	Number of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
1 to 100 shares...	11,682	56.9	615,887	10.0
101 to 200 shares...	3,922	19.1	603,974	9.8
201 to 300 shares...	1,913	9.3	483,683	7.9
301 to 400 shares...	763	3.7	277,922	4.5
401 to 500 shares...	711	3.5	333,900	5.5
501 to 1,000 shares...	899	4.4	652,890	10.6
1,001 and more shares..	650	3.1	3,174,641	51.7
	<u>20,540</u>	<u>100.0%</u>	<u>6,142,897</u>	<u>100.0%</u>

FISCAL YEAR

The fiscal year of the Company ends 31st January each year. Preliminary unaudited results for the year ended 31st January, 1961 have been released and are included with the financial statements attached hereto. Complete financial statements for the year ended 31st January, 1961 will be available in the latter part of April and will be distributed to members of the Stock Exchange at that time.

ANNUAL GENERAL COURT

The Annual General Court of the Governor and Company of Adventurers of England Trading Into Hudson's Bay is normally held at Beaver Hall, Garlick Hill, London, England. The last Annual General Court was held on 5th May, 1960.

REGISTERED OFFICES

HEAD OFFICE
Beaver House, Great Trinity, Lane, London, England.

HEAD OFFICE FOR NORTH AMERICA
Hudson's Bay House, Winnipeg, Manitoba.

CERTIFICATE

Pursuant to a resolution duly passed by its Canadian Committee, the applicant company hereby applies for the listing of the said 6,160,649 ordinary shares on the Montreal Stock Exchange and the undersigned Officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

THE GOVERNOR AND COMPANY OF ADVENTURERS OF ENGLAND TRADING INTO HUDSON'S BAY

By "J. E. WOODS"
Chairman of the Canadian Committee

By "J. R. MURRAY"
Managing Director.

FINANCIAL STATEMENTS

The fiscal year of the Company ends 31st January each year. Preliminary unaudited results have been released for the year ended 31st January, 1961 and are shown below. The remainder of the financial statements, included herein, are for the year ended 31st January, 1960. Financial statements for the year ended 31st January, 1961, will be available in the latter part of April and will be distributed to members of the Stock Exchange at that time.

PRELIMINARY UNAUDITED RESULTS

Year Ended 31st January, 1961

	This Year	Last Year
TRADING	\$	\$
Consolidated trading profit (Notes 1 and 2).....	14,641,000	13,866,000
Taxation.....	7,361,000	6,880,000
Profit after taxation.....	\$7,280,000	\$6,986,000
Less minority interest.....	11,000	..
Net profit for year.....	7,269,000	\$6,986,000
U.K. Taxation provision no longer required.....	568,000	
	<u>\$7,837,000</u>	

NOTES:

1. Includes \$398,000 profits for Henry Morgan & Co. Limited and Henry Morgan Properties Limited from 10th December, 1960, the date on which Hudson's Bay Company acquired control of these companies
2. Includes seven months' profits of \$543,000 resulting from a change in year-end of 51 Northern Stores from June, 1960 to January, 1961.

LAND ACCOUNT

Surplus for the year.....	\$ 171,000	\$ 258,000
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DISTRIBUTIONS (paid and proposed)

Trading Dividend (gross).....	.67	.67
Land Distribution.....	.14	.14
Distributions gross.....	.81	.81
Distributions net (after deduction of U.K. tax).....	.55	.55

FINANCIAL STATEMENTS — YEAR ENDED 31st JANUARY, 1960

EARNINGS

The following consolidated statement of earnings from operations of Hudson's Bay Company and subsidiaries for the ten fiscal years ended January 31, 1960 has been examined by the Auditors of Hudson's Bay Company whose report appears below.

CONSOLIDATED STATEMENT OF EARNINGS FOR THE TEN FISCAL YEARS ENDED JANUARY 31, 1960

(to the nearest thousand dollars)

1951.....	\$ 8,142,000	\$1,674,000	\$3,552,000	\$2,916,000
1952.....	7,349,000	1,648,000	3,716,000	1,985,000
1953.....	9,320,000	1,581,000	4,970,000	2,679,000
1954.....	10,356,000	1,785,000	5,292,000	3,279,000
1955.....	11,406,000	1,990,000	5,138,000	4,278,000
1956.....	12,586,000	2,391,000	5,359,000	4,836,000
1957.....	14,221,000	2,954,000	5,922,000	5,345,000
1958.....	15,375,000	3,254,000	5,647,000	6,474,000
1959.....	17,080,000	3,371,000	6,325,000	7,384,000
1960.....	17,570,000	3,704,000	6,880,000	6,986,000

NOTES:

1. For the purpose of this schedule, the published accounts figures have been converted at the rates of Canadian exchange used in the individual years which were:—1951 — \$3.00 to the £; 1952 — \$2.94 to the £; 1953-60 — \$2.80 to the £.
2. The operating results of the Northern Stores are for each year to June 30 and are included in the earnings for the fiscal year ended on the succeeding January 31. Expenditure on buildings and equipment at Northern Stores is charged against earnings when incurred; if removed from remote locations such assets would have no value.
3. Provision has not been made for United Kingdom taxation, less appropriate double taxation relief, which would arise if the profits remaining in the subsidiaries were distributed.
4. Receipts from the sale of land acquired under grant, profits on sales of other real estate and surpluses arising on liquidation of certain subsidiaries have been excluded from earnings in the above statement.
5. The earnings for the year ended January 31, 1958 include a taxable profit of \$335,000 on sale of vessels.
6. In arriving at the earnings set out above, retirement allowances to former members of the staff have been charged as and when paid.

To the Governor & Committee,
HUDSON'S BAY COMPANY:

We have examined the consolidated statement of earnings of Hudson's Bay Company and its subsidiaries for the ten fiscal years ended January 31, 1960 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence of the operations outside of North America as we considered necessary in the circumstances. With respect to the North American operations of the Company and its subsidiaries (the revenues from which constitute the substantial majority of the total) we have relied upon the report of other accountants who have reported upon their examination in like terms.

In our opinion, which as to the North American operations is based upon the report of the other accountants, the above consolidated statement of earnings, together with the notes thereof, presents fairly the results of operations of Hudson's Bay Company and its subsidiaries for the ten fiscal years ended January 31, 1960 in accordance with generally accepted accounting principles applied on a consistent basis.

5 London Wall Buildings,
LONDON C.E.2, England.
July 25, 1960.

(Signed) DELOITTE, PLENDER, GRIFFITHS & Co.
Chartered Accountants.

HUDSON'S BAY COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1960

ASSETS

CURRENT ASSETS:			
Cash.....	\$	2,041,000	
U.K. and North American Government Treasury Bills (market value \$1,504,000).....		1,504,000	
Trade and other accounts receivable less provisions.....		35,815,000	
Northern Stores (Note 2).....		7,112,000	
Merchandise inventories valued at the lower of approximate cost or market.....		26,085,000	\$73,430,000
TRADE INVESTMENTS AT COST			
Hudson's Bay Oil and Gas Company Limited (Note 6).....		10,094,000	
Other.....		126,000	10,220,000
FIXED ASSETS:			
Land and buildings — cost.....	\$66,553,000		
— less depreciation.....	24,399,000	42,154,000	
Transport — cost.....	2,711,000		
— less depreciation.....	1,974,000	737,000	
Equipment at cost, less amount written off.....		6,003,000	48,894,000
			<u>\$132,544,000</u>

LIABILITIES

CURRENT LIABILITIES:			
Bank overdrafts.....	\$	3,114,000	
Short-term loans.....		9,049,000	
Accounts payable.....		17,016,000	
Provision for taxes on income (Note 4).....		4,682,000	
Proposed dividends.....		1,739,000	35,630,000
STAFF RETIREMENT (Note 7).....			9,240,000
CAPITAL AND RESERVES:			
CAPITAL STOCK:			
Authorized — 6,000,000 shares of £1 each.....			
Issued — 5,607,504 ordinary shares of £1 each.....		15,703,000	
CAPITAL RESERVES:			
Share premiums.....	\$	4,301,000	
General.....		21,361,000	25,662,000
REVENUE RESERVES:			
Earned surplus.....		42,652,000	
Land account (Note 3).....		3,657,000	46,309,000
			<u>\$132,544,000</u>

Approved on behalf of the Board:

(signed J. R. MURRAY, *Director*.)

(signed) JOSEPH HARRIS, *Director*.)

The notes on page 10 form an integral part of the above consolidated balance sheet.

NOTES TO THE CONSOLIDATED BALANCE SHEET

- EXCHANGE.** All sterling assets and liabilities have been converted at \$2.80 to the £. The rates of exchange at January 31, 1960 were \$2.67 (Can.) and \$2.80 (U.S.).
- NORTHERN STORES.** The accounts of the Northern Stores are made up for the year ended June 30, 1959. The figure shown in the Balance Sheet, \$7,112,000 is the Northern Stores net assets at June 30, 1959, \$9,089,000, less net transactions between July 1, 1959 and January 31, 1960, \$1,977,000. The major item included in the net assets at June 30, 1959 is merchandise and furs, \$7,879,000. Expenditure on buildings and equipment at Northern Stores is charged against earnings when incurred; if removed from remote locations such assets would have no value.
- LAND ACCOUNT.*** The amount outstanding in respect of lands sold, \$252,000, will be credited to the Land Account when received in cash. 160 acres were unsold at January 31, 1960. Having regard to the costs of realization the net value of these assets will be small.
- TAXATION.** Provision has not been made for United Kingdom taxation, less appropriate double taxation relief, which would arise if the profits remaining in the subsidiaries were distributed.
- CONTRACTS FOR CAPITAL EXPENDITURE** at January 31, 1960 were \$3,214,000.
- TRADE INVESTMENTS.** The total issued capital of Hudson's Bay Oil and Gas Company Limited is 17,744,592 shares of \$2.50 per value of which the Company owns 4,008,656 shares (22.6 per cent). The market quotation at July 18, 1960 on the Toronto Stock Exchange was \$9.20 per share.
- STAFF RETIREMENT AND PENSIONS.** The amount of \$9,240,000 has been set aside out of taxed profits towards the accruing liability of Hudson's Bay Company and subsidiaries for retirement benefits under the various retirement schemes now in operation or under consideration. The total actuarial liability at January 31, 1960 for pensions of staff who have retired was \$3,153,000.

AUDITORS' REPORT

To the Governor & Committee,
HUDSON'S BAY COMPANY:

We have examined the consolidated balance sheet of Hudson's Bay Company and its subsidiaries as at January 31, 1960 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence of the operations outside of North America as we considered necessary in the circumstances. With respect to the North American assets of the Company and its subsidiaries (which assets constitute the substantial majority of the total) we have relied upon the report of other accountants who have reported upon their examination in like terms.

In our opinion, which as to the North American assets is based upon the report of the other accountants, the accompanying consolidated balance sheet, together with the notes thereto, presents fairly the financial position of Hudson's Bay Company and its subsidiaries at January 31, 1960, in accordance with generally accepted accounting principles applied on a consistent basis.

5 London Wall Buildings,
LONDON E. C. 2, England.
July 25, 1960.

(Signed) DELOITTE, PLENDER, GRIFFITHS & Co.,
Chartered Accountants.

HUDSON'S BAY COMPANY AND SUBSIDIARIES

SUBSEQUENT DEVELOPMENTS

Since January 31, 1960 a wholly-owned subsidiary, Hudson's Bay Company Acceptance Limited, has been formed and has issued ten million dollars of six per cent debentures maturing in 1980. The proceeds of this issue were used to purchase time payment accounts from H. B. C. which used the funds to reduce bank loans and short-term notes.

In addition, the authorized capital of H. B. C. has been increased to 7,000,000 shares of £1 each.

On December 10, 1960 H. B. C. acquired control of Henry Morgan & Co. Limited by means of an offer to acquire all the outstanding common shares of Morgan's. The basis of the offer was a cash payment of \$14.00 and one fully paid ordinary share of H. B. C. for each common share of Morgan's. At January 31, 1961, Hudson's Bay Company had acquired 404,998 (95%) common shares of Morgan's. At the same time H. B. C. acquired all the outstanding shares of Henry Morgan Properties, Limited in exchange for a cash payment of \$1,155,530 and 125,000 fully paid ordinary shares of H. B. C.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year Ended 31st January, 1960

Consolidated trading profit after charging, and crediting income from the following items:..... \$ 13,866,000

Depreciation..... \$ 3,704,000

Directors' emoluments..... 238,000

Trade investments..... 20,000

Royalties..... 1,263,000

TAXATION

Overseas taxation (on current profits)..... \$ 6,748,000

U.K. Income Tax \$426,000, Profits Tax \$61,000..... 487,000

U.K. Income Tax on distributions..... 1,406,000

1,893,000

Less estimated double taxation relief..... 1,761,000

132,000

6,880,000

Profit after taxation..... \$ 6,986,000

APPROPRIATION OF PROFIT

Parent Company

Staff retirement..... \$ 1,400,000

Interim dividend (net)..... 960,000

Proposed final dividend (net)..... 1,347,000 2,307,000

Increased in earned surplus..... 804,000

4,511,000

Retained by subsidiaries

Increase in earned surplus..... 2,475,000

\$ 6,986,000

HUDSON'S BAY COMPANY

LAND ACCOUNT

For the Year Ended 31st January, 1960

Surplus 31st January, 1959..... \$ 4,183,000

Net surplus for year..... 258,000

4,441,000

Interim distribution..... \$ 392,000

Proposed final distribution..... 392,000

784,000

Surplus 31st January, 1960..... \$ 3,657,000

HENRY MORGAN & CO LIMITED

BALANCE SHEET AS AT JANUARY 30, 1960

(to the nearest thousand dollars)

ASSETS

CURRENT ASSETS:

Cash and short term investments.....	\$	907,000	
Accounts receivable, less provision for doubtful accounts.....		7,628,000	
Inventories — at the lower of estimated cost or market.....		5,920,000	
Prepared supplies and expenses.....		186,000	\$ 14,641,000

OTHER ASSETS:

Preferred stock purchase fund — cash.....		120,000	
Marketable securities, set aside for expansion — at cost (quoted market value \$3,418,000) ..		3,413,000	
Life insurance — cash surrender value.....		52,000	3,585,000

FIXED ASSETS:

Store and office equipment and fixtures — at cost.....		4,583,000	
Accumulated depreciation.....		2,659,000	
		1,924,000	
Leasehold improvements — at cost less amortization.....		1,114,000	3,038,000
			<u>\$ 21,264,000</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable.....	\$	687,000	
Customers' deposits and accrued liabilities.....		1,317,000	
Provision for income and other taxes.....		853,000	\$ 2,857,000

4¾% SINKING FUND DEBENTURES DUE 1976:

Issued.....		3,500,000	
Redeemed to date.....		420,000	3,080,000
(Sinking fund payments of \$105,000 due annually).			

SHAREHOLDERS' EQUITY:

Capital Stock:			
Authorized — 40,000 4¾% cumulative redeemable preferred shares of \$100 par value..		4,000,000	
— 600,000 common shares of no par value.....			
Issued and fully paid —			
35,374 preferred shares (4,626 shares redeemed, including 904 redeemed during the year).....		3,537,000	
428,145 common shares.....		3,469,000	
		7,006,000	
Retained earnings.....		8,321,000	15,327,000
			<u>\$ 21,264,000</u>

NOTE: There is a contingent liability amounting to \$1,925,000 under a guarantee of the bonds of Henry Morgan Properties, Limited.

Approved on behalf of the Board:

(signed) J. BARTLETT MORGAN, *Director*.

(signed) A. E. WALFORD, *Director*.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Henry Morgan & Co. Limited as at January 30, 1960 and the statement of earnings and retained earnings for the year ended on that date, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statement of earnings and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at January 30, 1960, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(signed) McDONALD, CURRIE & Co.,
Chartered Accountants.

Montreal, March 15, 1960.

HENRY MORGAM & CO. LIMITED

STATEMENT OF EARNINGS

For the Year Ended January 30, 1960

Sales.....		\$ 47,951,000
Cost of goods sold, salaries, wages and expenses exclusive of the following items.....	\$ 44,615,000	
Executive salaries.....	217,000	
Directors' fees.....	9,000	
Legal fees.....	9,000	
Interest on 4¾% sinking fund debentures.....	147,000	
Depreciation of equipment and fixtures.....	495,000	
Amortization of leasehold improvements.....	70,000	45,563,000
		<u>\$ 2,388,000</u>
Other income		
Income from investments.....	\$ 154,000	
Profits from investments.....	55,000	209,000
		<u>\$ 2,597,000</u>
Provision for income taxes.....		<u>1,265,000</u>
Net earnings for the year.....		<u><u>\$ 1,332,000</u></u>

STATEMENT OF RETAINED EARNINGS

For the Year Ended January 30, 1960

Balance — beginning of year.....	\$ 7,589,000	
Net earnings for year.....		<u>1,332,000</u>
		<u>\$ 8,921,000</u>
Dividend paid —		
4¾% preferred shares.....	\$ 172,000	
Common shares.....	428,000	600,000
Balance — end of year.....		<u><u>\$ 8,321,000</u></u>

HENRY MORGAN PROPERTIES, LIMITED

BALANCE SHEET AS AT DECEMBER 31, 1960

(to the nearest thousand dollars)

ASSETS

CURRENT ASSETS:			
Cash.....		\$	3,000
FIXED ASSETS:			
Land — at cost.....	\$	753,000	
Buildings, fixtures and equipment —			
at cost.....	\$	6,150,000	
Accumulated depreciation.....		4,024,000	2,126,000
			2,879,000
UNAMORTIZED BOND DISCOUNT.....			37,000
			<u>\$ 2,919,000</u>

LIABILITIES

CURRENT LIABILITIES			
Provision for income taxes.....	\$	81,000	
Due to Morgan Realities Limited.....		230,000	\$ 311,000
3¼% FIRST MORTGAGE SINKING FUND BONDS DUE JANUARY 2, 1967.....	\$	3,500,000	
Less redeemed and cancelled in accordance with sinking fund requirements to January 2, 1960.....		1,575,000	1,925,000
SHAREHOLDERS' EQUITY:			
Capital Stock:			
Authorized — 50,000 shares of no par value:			
Issued and fully paid — 30,206 shares.....	\$	362,000	
Retained Earnings.....		321,000	683,000
Approved on behalf of the Board:			<u>\$ 2,919,000</u>
(signed) HENRY W. MORGAN, <i>Director</i> .			
(signed) A. E. WALFORD, <i>Director</i> .			

AUDITORS' REPORT

We have examined the balance sheet of Henry Morgan Properties, Limited as at December 31, 1959 and the statement of earnings and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other accounting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statement of earnings and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of affairs of the company as at December 31, 1959 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(signed) McDONALD, CURRIE & Co.,
Chartered Accountants.

Montréal, February 23, 1960.

STATEMENT OF EARNINGS

For the Year Ended December 31, 1950

INCOME			
Rental income.....	\$	502,000	
Interest.....		5,000	\$ 507,000
EXPENSES			
Interest on bonds.....		62,000	
Executive salaries.....		12,000	
Other salaries.....		3,000	
Province of Quebec capital tax.....		3,000	
Legal, audit, and other professional fees.....		5,000	
Trustee's fees.....		1,000	
Miscellaneous.....		2,000	88,000
			419,000
Depreciation of buildings, fixtures and equipment.....			154,000
Profit on operations.....			<u>\$ 265,000</u>
OTHER ITEMS			
Provision for income taxes.....	\$	142,000	
Amortization of bond discount.....		5,000	
		147,000	
Less: Discount on bonds redeemed.....		10,000	137,000
Net earnings for the year.....			<u>\$ 128,000</u>

STATEMENT OF RETAINED EARNINGS

For the Year Ended December 31, 1959

Balance — December 31, 1958.....	\$	283,000
Net earnings for the year.....		128,000
		411,000
Dividends — \$3.00 per share.....		91,000
Balance — December 31, 1959.....	<u>\$</u>	<u>320,000</u>

Sale

PLEASE NOTE

Enclosed is a reprint of our brochure on Hudson's Bay Company, which we issued originally on May 1st.

We herewith give you the new developments since that date.

On June 6th the Hudson's Bay Company gave its shareholders of record of that date the rights to subscribe for additional shares at **\$18 per share** on the basis of **one new share for each 10 shares held. Rights are to expire on July 21st.**

On the same day, June 6th, Hudson's Bay Common closed on the Montreal Stock Exchange ex-rights at **\$28 $\frac{7}{8}$** and the rights, on a when, as and if issued basis, closed at **\$1.15**.

At the same time, The Hudson's Bay Company advised the Montreal Stock Exchange that an "**Extraordinary General Court**" (seventeenth century English terminology for a general shareholders meeting) will be held on July 25th to approve of an **increase in authorized capital** and a "**bonus issue of a new fully paid ordinary share for each share held on August 18th**", in other words a **stock dividend of 100% to shareholders of record August 18th.**

Investors who bought **100 shares** of Hudson's Bay in May and exercise their rights will hold **220 shares** in August.

Although no definite announcement has been forthcoming regarding future dividend payments we predict they will be **increased in the next fiscal year.**

W. D. LATIMER LIMITED

June 7th, 1961.

P.S.: On request we will be glad to send you copies of our forthcoming reports, analyses and evaluations.

JUL 3 1961

HUDSON'S BAY COMPANY

The Oldest Trading Company in the World

LISTED

London, Liverpool and Halifax, England, Stock Exchanges
Glasgow and Edinburgh, Scotland, Stock Exchanges
and
NOW Montreal, Canada, Stock Exchange

Prepared by

W. D. LATIMER LIMITED

1—HISTORY

Hudson's Bay Company is the oldest trading company in the world. Its 290-year history is the history of the discovery, settlement, colonization, development and expansion of Western, Middle Western and Northwestern Canada—from the 17th to the 20th centuries—from furs and canoes to electronics and aeroplanes.

In 1670, 18 English noblemen, merchant adventurers and colonizers formed a syndicate to compete with the French for the fur wealth of unexplored Canada. It was incorporated under a Royal Charter granted by King Charles II on May 2, 1670, with the title of "The Governor and Company of Adventurers of England Trading into Hudson's Bay." These 18 incorporators were named the "True and Absolute Lordes and Proprietors with rights to Sole Trade and Commerce" over what was called "Rupert's Land," a territory of some 1,500,000 square miles draining into Hudson's Bay.

During the next century, while Britain and France warred intermittently for control of Canada, the agents of the London "Proprietors" built a ring of forts and trading posts around the bay. The defeat of the French in 1760 brought peace to the country and in 1821 a powerful and aggressive Montreal trading competitor — "The North West Co." was taken over. The coalition has since been called "Hudson's Bay Company," sometimes shortened to "The Bay Company" or just simply "The Bay."

By act of Parliament "The Bay's" rule and trading rights were extended to include all the land west of "Rupert's Land" to the Pacific Ocean and north to the Yukon and Arctic Ocean—more than 3,000,000 square miles. In effect "The Bay's" officers became the sole rulers under the Crown of all but a sliver of Canada PLUS the land that is now the States of Washington, Oregon, Idaho and Montana in northwestern United States.

In the 1840's "The Bay" fought a losing battle for the territory which is now these 4 states but succeeded in holding and ruling what is now British Columbia for the Crown and establishing England's claim to all lands between the 49th parallel and Alaska.

2—BUSINESS

Today they may be classified as follows:

- A**—Retail Trade across Canada;
- B**—Fur Trade and Stores in Northern and Arctic Canada;
- C**—Wholesale Trade in Canada and United States;
- D**—Oil and Natural Gas Royalties;
- E**—Part Ownership of Hudson's Bay Oil & Gas Co. Ltd.

In 1860 the English Parliament lapsed the Bay's rights in all territory but Rupert's Land. In 1863 a London financial syndicate bought Hudson's Bay Co. and transformed it into a public company. In 1869 when Canada was confederated, the company surrendered its right to Rupert's Land to the Canadian Government for 300,000 pounds sterling. The one-time "Absolute Lordes" were left with some 7,000,000 acres in Western Canada plus some 45,000 more around the continent spanning trading posts.

This marked the end of a tremendous 200 year monopoly — unique in modern history. The company began a campaign of selling its lands to western settlers at a good profit which lasted until the end of immigration at the outbreak of World War I in 1914. In most cases in these sales the Bay Co. retained the mineral rights.

During World War I The Bay became world-wide purchasing agents for the French Government which was, to say the least, a very lucrative appointment.

The most important development in the twenties was the organization of Hudson's Bay Oil & Gas Company Ltd., to take over the mineral rights on all the Bay Co's holdings of 4,500,000 acres.

In the depression year of 1931 a group of Canadian and British stockholders took over control and management functions were vested in a Canadian Committee. Philip Alfred Chester was made general manager for Canada. He and his reorganized staff managed the Company through the depression years and the war years. After the war the company embarked on a \$50,000,000 expansion program, which culminated in the acquisition of Henry Morgan & Co. Limited of Montreal and Toronto, the 3rd largest chain department store in Eastern Canada.

Its subsidiaries in Canada, United Kingdom and the United States are the following: (Arranged alphabetically and not according to size or importance):

Bay Steamship Co. Limited
Beaver House Limited
Compagnie de la Baie d'Hudson
H. Fortier & Co. Limited
Henry Morgan & Co. Limited
Henry Morgan Properties Limited
Hudson's Bay Arctic Limited
Hudson's Bay Company Acceptance Limited
Hudson's Bay Company Fur Sales Incorporated
Hudson's Bay Company Fur Sales Limited
Hudson's Bay Company Incorporated

Hudson's Bay Company Limited
Hudson's Bay Company (Proprietary) Limited
Hudson's Bay Company of Scotland Limited
Hudson's Bay Record Society Limited
Hudson's Bay Trustees Limited
Lampson, Fraser & Huth Inc., N.Y.
Pego's (Montreal) Inc.
Rupert's Land Trading Company
Rupert's Land Trading Company (Quebec) Ltd.
Scales & Roberts Limited

3—RETAIL TRADE

The company operates 6 large department stores in Vancouver, B.C., Victoria, B.C., Calgary, Alta., Edmonton, Alta., Saskatoon, Sask., and Winnipeg, Man. plus the recently acquired Henry Morgan store in Montreal, Que. It also operates a chain of 31 medium size stores extending from Schefferville, P.Q., to Kittimat, B.C. plus the 9 recently acquired Morgan branches in Montreal, Toronto, Hamilton and Ottawa.

4—FUR TRADE & NORTHERN STORES

The company operates 183 Northern Stores, 25 Camp Trades or Outposts and 10 Raw Fur Department Offices scattered throughout 7 Provinces, Northwest Territories and the Yukon Territory extending from the Atlantic to the Pacific and from the U.S. Border to 600 miles north of the Arctic Circle. Originally the 183 stores were fur trading posts, but over the years they have become general stores and merchandise has replaced furs as the principal source of income.

Large merchandise depots are operated in Montreal, Winnipeg and Edmonton for supplying these stores. Transport services for freight are maintained on Hudson's Bay and in the Arctic region and the company has an integrated network of radio communication throughout the north.

The Bay's Fur Trade is international—raw furs being bought not only in Canada but in United States, Europe, Asia and Africa. Its fur auctions are famous throughout the world, being held in London, England, Montreal, Canada and New York City. In addition to its own furs the company sells ranch and wild fur consigned to it from trappers, breeders and dealers all over the world. In the 1960 fiscal year furs sold on consignment amounted to \$79,181,000.

5—WHOLESALE TRADE

The Wholesale Department with 17 branches throughout Canada and a representative in every state in the United States distributes cigarettes, tobaccos, confectionery, Scotch whiskey, other liquors, Hudson's Bay "Point" blankets, garments etc. and also processes and markets tea and coffee in Western Canada.

6—OIL & GAS ROYALTIES

The company holds the mineral rights to 4,500,000 acres or over 7,000 square miles of oil and gas lands in Western Canada. These holdings in Alberta, Saskatchewan and British Columbia are under lease or option to Hudson's Bay Oil and Gas Co. from which it receives a 12½ % gross royalty on all production of crude oil and natural gas.

7—HUDSON'S BAY OIL & GAS CO. LTD.

In addition to receiving its royalties from Hudson's Bay Oil and Gas Co., the Bay holds 4,010,278 shares of its stock or a 22.6% interest. 67.8% is owned by Continental Oil Co. of Delaware, which manages the company. Hudson's Bay Oil & Gas is one of the largest owners of oil and gas lands in Canada holding over 13,500,000 acres or over 21,000 square miles.

In the first 3 months of 1961, net production of crude oil and natural gas liquids reached a new high, with an average of 25,250 barrels per day. Sales of natural gas reached a new high of 65,000,000 cubic feet per day. It is expected that by 1962 natural gas sales will amount to 100,000,000 cubic feet per day which will make Hudson's Bay one of the largest producers of natural gas in the country. As of January 1, 1961 reserves of crude oil and condensates were estimated in excess of 150 Million Barrels and reserves of natural gas at more than 1.7 Trillion Cubic feet.

The indicated market value of the Bay's holdings in the Oil & Gas Co. amounts to over \$58,000,000 but it is carried on the books at only \$10,094,000.

8—HENRY MORGAN & CO. LTD.

On December 10, 1960 the Bay Co. acquired Henry Morgan & Co. Limited on the basis of 1 share Hudson Bay and \$14 cash for each Henry Morgan common share and Henry Morgan Properties Ltd. for 125,000 shares and \$1,250,000 cash. This business was established in 1845 and by 1960 operated one of the leading large department stores in Montreal and 9 branch stores in Montreal, Toronto, Hamilton and Ottawa. Its growth in the last 20 years has been phenomenal. Sales jumped from \$7,223,000 in the fiscal year ending Jan. 26, 1938 to \$47,951,000 in the fiscal year ending Jan. 30, 1960—an increase of 592%. In the same period net profits jumped from \$190,000 to \$1,332,000—an increase of 601%.

Here is a summary of the record of Hudson's Bay Company for the past 10 years—
from the fiscal year ending Jan. 31, 1952 to the fiscal year ending Jan. 31, 1961:—

9—ASSETS	Increased from \$64,189,000 to \$171,405,000 — or 167%	14—YEARLY SURPLUS	Increased from \$1,409,000 to \$4,845,000 — or 244%
10—SALES	Increased from \$136,784,000 to \$246,490,000 — or 80%	15—WORKING CAPITAL	Current Assets less Current Liabilities — Increased from \$34,077,000 to \$56,586,000 — or 66%
11—SOURCES OF PROFITS	Before Taxes — Retail Trade — 61% to 65% Fur Trade — 21% to 24% Oil Royalties — 9% to 13% Wholesale Trade — 3% to 5%	16—DIVIDEND POLICY	Over the past 10 years very conservative — only 30% to 33% of net profits have been disbursed as dividends, the balance having gone into surplus.
12—NET PROFITS	After Provision for Depreciation, Replacements and Taxes — Increased from \$1,985,000 to \$7,280,000 — or 267% (Includes \$398,000 from Morgan in the fiscal year 1960-61)	17—DIVIDEND RECORD	Dividends have been paid every year since 1906 — except in the Depression years of 1931 to 1937. In the last two fiscal years the dividend rate has been 55c per share after the deduction of the United Kingdom Tax.
13—DIVIDENDS DISBURSED	Increased from \$576,000 to \$2,435,000 — or 323%		

18—CAPITALIZATION

The preference shares having been fully paid off on Jan. 2, 1945 there is only one class of stock—common—par value 1 pound sterling. Authorized 7,000,000 shares, Issued and Outstanding 6,137,502 shares. Fully paid and non assessable with no personal liability.

19—MARKET PRICE

Hudson's Bay is currently selling on the Montreal Stock Exchange in the \$27 range.

20—ORGANIZATION

The governor, deputy governor and 15 member board in London are elected by the shareholders and retain control of policy and finance. The Canadian committee of the board, with offices in Winnipeg, are responsible for the administration of the company's North American operations.

21—MANAGEMENT

Officers

The Rt. Hon. Sir Winston Churchill — Grand Seigneur
William Johnston Keswick — Governor
H. A. Benson — Deputy Governor
J. R. Murray — Managing Director
R. A. Reynolds — Secretary

Canadian Committee

J. E. Woods — Chairman
Allen R. Huband — Secretary
Peter W. Wood — Controller
J. H. Harris
J. Bartlett Morgan
J. R. Murray
S. A. Searle
C. G. Smith
Graham F. Towers

Board

H. A. Benson — London, England
J. E. H. Collins — London, England
E. G. Faulkner — London, England
The Lord Heyworth — London, England
W. J. Keswick — London, England
J. G. Links — London, England
I. P. R. Napier — London, England
Joseph Harris — Winnipeg, Manitoba
J. R. Murray — Winnipeg, Manitoba
J. A. Richardson — Winnipeg, Manitoba
S. A. Searle — Winnipeg, Manitoba
C. J. Smith — Winnipeg, Manitoba
J. E. Woods — Winnipeg, Manitoba
J. B. Morgan — Montreal, Quebec
G. F. Towers — Ottawa, Ontario

22—EVALUATION & CONCLUSION

Hudson's Bay owns and operates a chain of 7 large department stores, a chain of 40 medium sized department stores, a chain of 183 smaller stores, 25 Camp Trades or Outposts and 10 Raw Fur Department Offices all in Canada, a wholesale department with 17 branches in Canada and representatives in every state of the United States, an international fur business, 3 international fur auction sales rooms, and its own distributing, transporting and communication system in Northern Canada and Arctic Canada plus its Oil & Gas Royalties and its interest in Hudson's Bay Oil & Gas Co.

With its long history and diversified interests Hudson's Bay is truly an **"Unique Industrial Empire"**. It has enjoyed a remarkable post-war record of profits, progress, growth and expansion and from all indications will have a greater future. In the true sense of the term its stock may be called a **"Growth Stock"**. It has been considered a **"Prime Investment"** in Great Britain for many years.

Now that Hudson's Bay is listed in Canada on the Montreal Stock Exchange we have no hesitation in recommending that Canadian Investors seriously consider purchasing these shares for **Increasing Income and LONG-Term Capital Appreciation**.

W. D. LATIMER LIMITED

244 BAY STREET, TORONTO 1

Tel. Empire 3-8891-2-3. Telex No. 02-2565

Direct Private Wires to
W. D. LATIMER INC.
607 St. James Street, West
Montreal

Members
Montreal Stock Exchange
Canadian Stock Exchange
Calgary Stock Exchange

May 1st, 1961

We have NO financial interest in the sale of Hudson's Bay Shares

OUR BIBLIOGRAPHY, REFERENCES, SOURCES OF INFORMATION AND AUTHORITIES

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2. Encyclopedia Americana
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3. Annual Financial Statements of Hudson's Bay Co.
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4. Application by the Hudson's Bay Co.
For listing on the Montreal Stock Exchange.
5. "History of the Hudson's Bay Co."
Published by the Company in Winnipeg.
6. "The Beaver" — Illustrated quarterly magazine
Published at Hudson's Bay House, Winnipeg.
7. "Fortune" — Monthly Business Magazine
Published in New York.
8. "Wall Street Journal" — Daily Financial Newspaper
Published simultaneously in New York City
and 3 other U.S. Cities.
9. "Financial Post Corporation Service,"
Securities Statistical Service
Published in Toronto and Montreal.

It is obvious from the above list that all facts and figures contained herein have been taken from Official and Authoritative Sources. While we believe them to be Accurate and Reliable and Our Opinions are based on them we do not guarantee them.

MONTREAL STOCK EXCHANGE

P. O. BOX 1626 PLACE D'ARMES - MONTREAL 1, QUE.

TEL. Victor 2-9081

For release - a.m.
March 20, 1961.

HUDSON'S BAY COMPANY

LISTS ON MONTREAL STOCK EXCHANGE

MAR 20 1961

On Monday, March 27, 1961, 6,160,649 ordinary shares, of a par value of One Pound each, of the Hudson's Bay Company will be called for trading on the Montreal Stock Exchange. The ticker abbreviation will be HBC.

Listing of the shares of the Hudson's Bay Company follows closely on the offer made by the company to acquire the outstanding shares of Henry Morgan & Co. Ltd. This recent acquisition greatly strengthens the company by giving it access to the eastern market. The arrangement provides Henry Morgan & Co. Ltd. with greater freedom in planning because of the increased financial support.

The Company

The Hudson's Bay Company is an operating company incorporated by Royal Charter in England on May 2nd, 1670. The Company has subsidiaries in England, Canada and the United States. It is one of Canada's leading merchandising organizations, operating retail stores and wholesale branches. The Company also operates fur auction houses in London, New York and Montreal where large quantities of raw furs are sold for consignors to the fur industry of the world. In addition the Company has a substantial investment in the Western Canadian oil industry.

In December 1960, the Company acquired control of Henry Morgan & Co. Ltd., eastern Canada's third largest department store organization, by offering to exchange one share of the Hudson's Bay Company and \$14.00 for each of the outstanding Common shares of Henry Morgan & Co. Ltd. As at January 31, 1961, this offer had been accepted by owners of 95% of the Common shares of Morgan's.

The Right Honourable, Sir Winston Churchill, Prime Minister of Great Britain during World War II, is the Grand Seigneur of the Company. Chairman of the Canadian Committee, Mr. John Elmer Woods, and the Managing Director, Mr. James Richard Murray, are residents of Winnipeg, Manitoba.

The Hudson's Bay Company maintains a register of shareholders in two parts. In the United Kingdom the register is kept at the office of Glyn Mills & Co., 67 Lombard Street, London, England. In Canada the Canadian register is kept by Royal Trust Company with transfer office in Winnipeg. Upon listing the shares of the Hudson's Bay Company on the Montreal Stock Exchange, Royal Trust Company will open a transfer and registry office at Montreal. Eligibility for registration on the Canadian register is limited to individuals who are citizens of and resident in Canada, and to corporations which are incorporated and have their principal place of business in Canada and are not corporations under foreign control as defined in the By-laws of the Hudson's Bay Company.

Earnings per share of the Hudson's Bay Company in the period 1956 to 1960 increased from \$0.93 to \$1.29, while net dividends paid rose from

\$0.31 to \$0.55. The more complete picture of the Company's earnings and dividends in the last five years can be seen from the following table:

	<u>1960</u>	<u>1959</u>	<u>1958</u>	<u>1957</u>	<u>1956</u>
Net earnings per share	\$1.29	\$1.38	\$1.20	\$1.00	\$0.93
Net dividends per share	\$0.55	\$0.60	\$0.39	\$0.31	\$0.31

History of the Company

The beginning of this famous and historical corporation is traced to an expedition into the then unknown North undertaken by two French Adventurers, Pierre Radisson and Medard Groseillers, on behalf of English backers. These hardy explorers, then known as "coureurs de bois" had made various fur-hunting excursions into the North, and succeeded in interesting the English in a proposed expedition into Hudson's Bay.

Under the patronage of Prince Rupert, the cousin of Charles II of England, an expedition composed of two ships, the "Eaglet" and the "Nonsuch", set out in June 1668 from the Thames. While the "Eaglet" was forced to regain English shores, the "Nonsuch" dropped anchor in the south of James Bay on September 29, 1668. An active fur trade with the Indians was started soon after, and the Adventurers returned to England with a valuable cargo of fine furs.

In the spring of the following year, on May 2nd, 1670, King Charles II granted a Charter to "The Governor and Company of Adventurers of England trading into Hudson's Bay", under which the Company still operates.

In the two and a half centuries which followed, the Company wrote a very productive and colourful page in the history of Canada and its development. Its explorers probed the then unknown vast expanses of the North and West, into which trading areas expanded. Trading posts were established in what are now the Provinces of Manitoba, Saskatchewan and Alberta as well as parts of the Northwest Territories, Quebec, Ontario and Minnesota. As the country became more settled, the organisation of government kept pace with the growing communities.

In 1870 the Company relinquished its rights to Rupert's Land, receiving in return a land grant embracing among other things 7,000,000 acres of land in the territory now occupied by the Provinces of Manitoba, Saskatchewan and Alberta. The site of three of the Company's trading forts, Winnipeg, Edmonton and Victoria became large settlements and cities. Each was selected as the site of a provincial legislature.

A growing settler population throughout the west brought about a distinct need for retail business outlets, which eventually became the large departmental stores. The selling of Company land to the settlers was for a long time a major pre-occupation, but this ended in 1918 following World War I. Trade, both retail and wholesale, is now the Company's main undertaking.

Union with Henry Morgan & Co. Ltd., itself a store with a long and successful history, is another step in the continuing expansion of The Hudson's Bay Company. The years ahead will witness the opening of new company stores in Eastern Canada, stores which will benefit from the double tradition of Morgan's and Hudson's Bay with the accent on service to the public.

to the fact that the company's earnings and dividends in the last five years can be seen from the following table:

1931	1932	1933	1934	1935	1936
Net earnings per share	\$1.00	\$1.10	\$1.20	\$1.30	\$1.40
Net dividends per share	\$0.31	\$0.32	\$0.33	\$0.34	\$0.35

History of the Company

The beginning of this company and historical corporation is traced to an expedition into the then unexplored North American continent by two Frenchmen, Pierre LeMoyne and Robert LaSalle, on behalf of the French Government. These two explorers, who were known as "LeMoyne de LaSalle" and "LaSalle de LaPotherie", had made various fur-trading expeditions into the North, and succeeded in introducing the fur trade into the region of the Great Lakes.

Under the patronage of French agents, the company of LaSalle II of England, an expedition composed of two ships, the "LaSalle" and the "LaPotherie", set out in 1685 from the Thames. While the "LaSalle" was forced to return to England, the "LaPotherie" dropped anchor in the Gulf of Mexico Bay on the 22nd of May, 1685. An active fur trade with the Indians was started soon after, and the LaPotherie returned to England with a valuable cargo of furs.

In the spring of the following year, on May 2nd, 1685, the LaSalle II returned to the company and company of LaPotherie of England, and the company was then known as the company "LaSalle de LaPotherie".

In the early days of the company, when the company was a very productive and successful one in the history of Canada and the fur trade. The company's first expedition was composed of the LaSalle and the LaPotherie, who were known as "LaSalle de LaPotherie" and "LaPotherie de LaSalle". The company's first expedition was composed of the LaSalle and the LaPotherie, who were known as "LaSalle de LaPotherie" and "LaPotherie de LaSalle". The company's first expedition was composed of the LaSalle and the LaPotherie, who were known as "LaSalle de LaPotherie" and "LaPotherie de LaSalle".

In 1685 the company relinquished the right to LaSalle's land, and the company was then known as the company "LaSalle de LaPotherie". The company's first expedition was composed of the LaSalle and the LaPotherie, who were known as "LaSalle de LaPotherie" and "LaPotherie de LaSalle". The company's first expedition was composed of the LaSalle and the LaPotherie, who were known as "LaSalle de LaPotherie" and "LaPotherie de LaSalle".

A growing better population throughout the west brought about a distinct need for retail business outlets, which eventually became the large departmental stores. The selling of company land to the settlers was for a long time a major pre-occupation, but this ended in 1815 following the war of 1812. Since then retail and wholesale is now the company's main pre-occupation.

Under the name of the company, the company was then known as the company "LaSalle de LaPotherie". The company's first expedition was composed of the LaSalle and the LaPotherie, who were known as "LaSalle de LaPotherie" and "LaPotherie de LaSalle". The company's first expedition was composed of the LaSalle and the LaPotherie, who were known as "LaSalle de LaPotherie" and "LaPotherie de LaSalle".